



16th February 2021

Botswana Diamonds PLC
("Botswana Diamonds" or the "Company")
Cooperation agreement to fast-track Botswana diamond exploration

Botswana Diamonds ("BOD" or the "Company"), the AIM and BSE listed diamond explorer, is pleased to announce that it has today entered into a cooperation agreement to fund exploration of its prospecting licence assets in Botswana with Diamexstrat Botswana Pty Ltd ("DESB"), which in turn has an alliance agreement with Burgundy Diamond Mines Limited ("Burgundy" ASX: BDM). BOD's prospecting assets comprise the recently acquired Sekaka Diamonds Exploration Pty Ltd ('Sekaka') database and Prospecting Licences, as well as the Prospecting Licences held by BOD's subsidiary, Sunland Minerals Pty Ltd ("Sunland Minerals").

Cooperation Agreement highlights;

- DESB (and its partner, Burgundy) can earn up to a 70% interest in BOD's Botswana Sunland Minerals and Sekaka's Prospecting Licences
- BOD can earn a 15% interest in Prospecting Licences held by DESB (and partners) on the first US\$1.5m spent on exploration by DESB where BOD's database assists in the discovery of a primary kimberlite
- On 3rd party Prospecting Licences where targets are identified in BOD's database, a joint earn-in will be negotiated at the time
- For new Botswana Prospecting Licences, DESB (and its partner, Burgundy) can earn up to 70%

James Campbell, Managing Director, commented: "I am delighted to partner with Diamexstrat (and in turn its partner, Burgundy) to progress our extensive and highly prospective exploration assets in Botswana which comprises Sekaka Diamonds (acquired last year) and with our own drill-ready prospects in Sunland Minerals. I look forward to working with the Diamexstrat and Burgundy teams made-up of complimentary highly experienced and leading experts in the field of diamond exploration and project development".

John Teeling, Chairman, commented: "Botswana is one of the world's best addresses for diamond exploration. The combination of a fresh approach and advanced technology, supported by a recovering diamond market, presents us with significant opportunities. I am delighted to announce this partnership with experienced Diamexstrat, and its ASX listed-partner, Burgundy, which expands and deepens our exploration work. This is a comprehensive agreement. On our ground, DESB (and partners) will get 51% of each licence by discovering a diamondiferous kimberlite rising, to 70% by completing a bankable feasibility study. Where our database is used to find targets on ground held by the partners, there is a free carry for BOD of 15% on the first US\$1.5m spent on exploration. Where the data is used to identify targets on third party licences or on fresh ground, we will jointly negotiate earn in agreements. On new licences, BOD will hold 75% falling to 30% on delivery of a bankable feasibility study by DESB".

Cooperation Agreement

The cooperation agreement (the "Agreement") has four sections, each with different conditions, relating to discoveries on:

- Prospecting Licences held by BOD or any subsidiary of BOD.
- Prospecting Licences held by DESB or any subsidiary of DESB.
- Areas where Prospecting Licences for diamonds are held by third parties.
- Areas where new Prospecting Licences are applied for.

Under the Agreement, the parties have agreed to utilise BOD's diamond exploration database, which it acquired in 2020 as part of the acquisition of Sekaka Diamonds Exploration Pty Ltd ("Sekaka"). The database contains the results of work undertaken by Sekaka's former owner, Petra Diamonds, since 2005, and includes data in respect of airborne (including the Falcon survey) and ground magnetics (including gravity and EM), in addition to heavy mineral sampling.

Prospecting Licences held by BOD or its subsidiaries

DESB has six months to conduct an initial review of BOD's database, in order to identify exploration targets within any of BOD's existing Sunland and Sekaka Prospecting Licences (excluding the KX36 Kimberlite held by Sekaka) (the "Designated PL"). DESB will be entitled to earn a 50% interest in a Designated PL by meeting the annual minimum Exploration Expenditure commitment on the Designated PL and in addition either discovering a kimberlite through the intersection of kimberlite in any drill holes or a potential secondary diamondiferous alluvial deposit through the intersection of gravels in a drill hole or pit.

DESB shall be entitled to earn an additional 1%, to hold 51% in any Designated PL, by proving the primary kimberlite or alluvial deposit to be diamondiferous through funding the required micro-diamond analysis or bulk sampling. DESB will also be entitled to earn a further 19%, to hold 70% in the Designated PL, by subsequently funding and delivering a bankable feasibility study. Any Prospecting Licence not selected by DESB at the end of the six-month period will remain wholly-owned by BOD.

Prospecting Licences held by DESB or any subsidiary of DESB

Where it is agreed that geological data present in the database that was not previously available to DESB has assisted in the discovery of a kimberlite or a secondary alluvial deposit within the Exploration Area BOD shall be granted a 15% free carry for the initial approved US\$1.5 million of Exploration Expenditure by DESB on the discovery. Once the Exploration Expenditure has been incurred, each party will contribute funding in accordance with its interest or be diluted pro-rata.

Any area where Prospecting Licences for diamonds are held by third parties

The Parties will jointly negotiate an Earn In arrangement with any third party holding more than 50% in any Prospecting Licence.

Any areas where new licences are applied for

For any new ground BOD will initially hold 75% falling to 30% upon completion of a bankable feasibility study.

About Diamexstrat

Diamexstrat is a privately owned company focused on diamond exploration in Botswana chaired by Gerard de la Vallee Poussin and with Barry Bayly as the Chief Executive Officer. Both Gerard and Barry are well known to BOD and have extensive experience in the exploration for diamondiferous kimberlites in Africa.

Further AIM disclosures

Sunland Minerals holds 12 active Prospecting Licences in the Gope/CKGR (Kalahari) area. As at 30 June 2020, the audited carrying value of BOD's Sunland Minerals assets amounted to £1.1 million and Sunland's loss before tax amounted to £43,101. In the year ended 30 June 2020, Sunland's Exploration Expenditure, mainly comprising licence fees and the costs of maintaining the licence in good standing, together with agreed fixed costs and expenses, amounted to £65,760.

On 30 November 2020, Botswana Diamonds completed the acquisition of Sekaka which holds three Prospecting Licences in the Central Kalahari Game Reserve in Botswana, PL169/2019, PL058/2007 and PL224/2007, which includes the KX36 kimberlite pipe. The acquisition also included an extensive database. The consideration comprised a cash payment of US\$300,000 and a 5% royalty on future revenues. The first deferred consideration cash payment of US\$150,000 will be payable on 27 November 2021, being the first anniversary of completion of the acquisition and the balance on or before 27 November 2022. In Sekaka's audited annual financial statements for the year ended 30 June 2019, Sekaka reported a loss before taxation of Pula 16,875,179 (equivalent to approximately £1.16 million, which included a non-cash foreign exchange loss of Pula 11,688,432 (equivalent to approximately £0.8 million) on the carrying value of the historic intercompany debt which was extinguished on acquisition. As at 30 June 2019, Sekaka had audited total assets of Pula 6,565,700 (equivalent to approximately £425k).

This release has been approved by James Campbell, Managing Director of Botswana Diamonds plc, a qualified geologist (Pr.Sci.Nat), a Member of the Geological Society of South Africa, a Fellow of the Southern African Institute of Mining and Metallurgy, a Fellow of the Institute of Materials, Metals and Mining (UK) and with over 35-years' experience in the diamond sector.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014. The person who arranged for the release of this announcement on behalf of the Company was James Campbell, Director

A copy of this announcement is available on the Company's website, at www.botswanadiamonds.co.uk

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